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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: May 15, 1957

SUBJECT: GHANA - Volta River Project and Tema Housing Scheme

PARTICIPANTS: Mr. G. Von Bibber Slagle, P.O.Box 25, Jacksonville Beach, Fla.
Mr. H. Fraser Leith, 26 Broadway, New York City
Mr. F. C. Thieme, 6 Ely Drive, Fayetteville, New York
(All of foregoing are officers of Foreign Construction Associates, Houston, Texas)
Mr. D. Gordon - Department of Commerce
Mr. Harry Hemmerich - ICA
AFS - Mr. LaMont - Mr. Longanecker - Mr. Duggan

COPIES TO:
NEA - Mr. Palmer (2cc)
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AMBMEASSY, ACCRA

DEPARTMENT OF STATE A/CDC/MR
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The foregoing group was called together to hear the request of Mr. Slagle and his associates for United States financial support for the "Tema Housing Project" and to ascertain the precise relationship of Foreign Construction Associates to the Government of Ghana and the Volta River scheme.

Mr. Slagle reported that his group, in association with the Utah Construction Company, held a 90-day option on the Volta River project, which option expires July 18, 1957. He said that as evidence of his company's good faith he had personally assured Prime Minister Nkrumah that he would do his best to obtain from the United States (preferably from U. S. Government sources) sufficient funds to build a housing project at the new port of Tema, east of Accra. He claimed that his option now had precedence over British and Canadian interests with respect to the Volta itself (although his group was willing to associate in a combined venture with those foreign interests if necessary). He also stated that, as he understood it, the prior rights of British-Canadian interests on the bauxite deposits in Ghana expire June 30, 1957.

In describing the background of his associates' scrutiny of the Volta project, Slagle said that the British had not established fully the economic feasibility of the project but had developed only the engineering feasibility. Slagle claimed that, with adequate American capital and engineering know-how, the Volta project could be put into operation in 4 years.

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Slagle said that in a discussion with Mr. Botsio, Ghana's Minister of Trade and Commerce, the latter had "asked us to help finance the Tema housing scheme." Slagle estimated the Tema Housing and Port costs to approximate £ 21 million, of which £ 4.7 million had been spent to date. Slagle suggested to Botsio that Ghana supply an additional £ 5.4 million against the remainder of £ 16 million still needed, leaving a gap of £ 11 million which he (Slagle) and his associates would attempt to raise in the United States, preferably in the form of a United States Government grant.

Slagle claimed that such a grant from the US Government would require US Government help, but would prove of immense political and psychological advantage. He emphasized that, as businessmen, his group would expect only a "minimum of profit", but that the project itself (including the port) should be self-liquidating. It was quite clear from his discussion that he was doing his best to separate the Tema scheme from the remainder of the Volta project in order that the latter could be made more attractive and, if accepted, more swiftly remunerative to American financial and industrial interests. He went on to say that he and his group hoped they could obtain about 20% of the total capital costs for the Volta scheme alone (excluding Tema) from the World Bank or the Export-Import Bank, the remaining 80% to be furnished by private United States investors.

During the conversation, Mr. Slagle constantly sought to dissociate the two questions— Tema and Volta — and to discuss only the Tema scheme. However, it was stressed that the Department also had a keen interest in knowing precisely what Slagle and his associates were proposing to do with respect to the Volta scheme as a whole and later in the conversation considerable discussion on the Volta scheme ensued. Therein it was contended by Slagle and Leith that American investors would be agreeable to having Ghana own 51% of the stock, especially if fast development of the scheme were possible and profits quickly forthcoming.

Throughout his discussion, Mr. Slagle maintained that his relationships with Nkrumah were exceedingly close, but that he had constantly been thwarted ny Geoffrey Bing (Nkrumah's pro-Communist legal adviser). He also stressed constantly the need of American help for these people in the race to keep them oriented toward the West. He stressed, however, that his group did not need immediate United States Government financial help on the Volta scheme, that the group would carry out its own economic survey, but that it did need immediately a grant or loan from the United States for the Tema housing program.

Mr. Slagle said that his group had approached both Kaiser and Reynolds with regard to the Volta aluminum possibilities, and stated that Reynolds had shown the greater interest. He also stressed anti-Communist possibilities in American backing of this scheme.

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The Slagle group then asked whether ICA had funds immediately available for such a project as the Tema housing program, and they were informed that there were none, either for the present or the coming fiscal year and that this type of project was not usually undertaken. It was then suggested by the ICA representative (Mr. Hemmerich) that, when he reached Accra in a few weeks, he would be glad to receive and forward to his Washington headquarters any proposals which Slagle and Leith had concerning either the Tema or the Volta schemes. It was pointed out, however, by representatives of the Department of State, that such proposals would also require the recommendation of American Embassy officials in Ghana before they could receive serious consideration in Washington. To this point Mr. Hemmerich acceded.

Within the context of discussion on possibilities of help from ICA, when it was stressed by Departmental representatives that the necessity of initiating action on such requests still lay with the Ghana Government, Mr. Slagle made the contention that he was empowered by Nkrumah to work through the Ghanaian officials in Washington, but that since these officials were so new to their jobs and so burdened with details he was "authorized by Nkrumah to lead Anthony by the hand to show him where to sign."

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NOTES:

1) It is clear from prior conversations with Mr. C. Calhoun, Vice President of Kaiser Aluminum Co., Washington, and other officials of his company, that Kaiser is exceedingly reticent to engage in serious discussions concerning the Volta scheme at present. This reticence apparently stems from the company's fear that its capital development plans and proposed outlays for the next two or three years are burdensome enough and that there would be great difficulty in Kaiser's undertaking the task of raising funds of such magnitude as Volta demands. The Kaiser officials have promised to ascertain the specific interest of the Utah Construction Company in this project.

2) The interest of the Reynolds Aluminum Company in the Volta project has not been ascertained, but State and Commerce officers are making efforts to measure that interest.

3) The relationships between Slagle and Leith are are now clear, but it is

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not determined what part Mr. Thieme plays in the association. New efforts will be made to obtain financial information on all three individuals.

4) It would appear that the group's efforts to obtain funds for the Tema housing development may constitute not only evidence of their good faith and ability to raise capital, but may also constitute a quid pro quo for possible extension of their existing 90-day option. In this connection, Mr. Slagle produced and read an extract from a document which may have been another agreement with Ghanaian officials. He did not circulate this document and dodged question concerning its relation with the "option" paper.

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